

Message Text

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FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 1692

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E.O. 11652: N/A

TAGS: BEXP, TW

SUBJECT: PLASTIC PRODUCTION MACHINERY JEEP

REF : TAIPEI 2504

1. DURING RECENT DISCUSSION WITH EMBOFFS, OFFICIALS OF FORMOSA PLASTICS GROUP (FPG) SUGGESTED FOLLOWING SEMINAR TOPICS AND MACHINERY FOR SUBJECT JEEP:

A. SEVERAL YEARS AGO, LOCAL SHOE MAKING INDUSTRY BEGAN SHIFT FROM PVC TO HIGHER COST BUT LIGHTER, MORE RESILIENT POLYURETHANE. TWENTY-TWO COATING PLANTS WERE SET UP TO SUPPORT INDUSTRY EACH WITH A CAPACITY OF 200,000 TO 300,000 SQUARE METERS PER MONTH. LOCAL INDUSTRY BUYS POLYURETHANE IN PELLET FORM FROM GOODRICH AND EUROPEAN SUPPLIERS WHEREAS SOUTH KOREA, TAIWAN'S MAJOR ASIAN COMPETITOR, PRODUCES POLYURETHANE FROM INTERMEDIATES. NET RESULT IS THAT LOCAL INDUSTRY NO LONGER PRICE COMPETITIVE WITH KOREA IN WORLD MARKET; ELEVEN OF TWENTY-TWO COATING PLANTS HAVE CLOSED; AND REMAINING COATING PLANTS ARE PRODUCING AT ABOUT 20-30 PERCENT OF CAPACITY. LOCAL INDUSTRY KEENLY INTERESTED IN DISCUSSING WAYS TO

RESOLVE PROBLEM INCLUDING SUBSTITUTION OF DIFFERENT PROCESSES, MATERIALS OR COATINGS.

B. ADVANCED TECHNOLOGY AND MACHINERY FOR MAKING PVC
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PIPE. PRESENT PROCESS BEING EMPLOYED COPIED FROM JAPAN

TEN YEARS AGO. INFUSTRY PARTICULARLY INTERESTED IN HIGH-SPEED, HIGH-TECHNOLOGY CINCINNATI MILACRON PROCESS AND IN NEW ADVANCE CO. PROCESS WHICH REDUCE STABILIZERS IN PVC PIPE FROM 3 TO 1 PERCENT.

C. PRINTING MACHINERY FOR PLASTICS. TAIWAN USES "OPEN TYPE" MACHINERY WHICH NECESSITATES COSTLY AND HAZARDOUS SOLVENTS. KEEN INTEREST HERE IN MACHINERY WHICH WOULD ELIMINATE OR LESSEN NEED FOR SOLVENTS.

D. ANTI-POLLUTION EQUIPMENT. FPG REP THOUGHT THERE WOULD BE LIMITED INTEREST HERE IN THIS TYPE OF EQUIPMENT BUT NEW APPROACHES TO POLLUTION PROBLEMS IN US MIGHT MAKE GOOD SEMINAR TOPIC. REP EXPRESSED MORE INTEREST IN TALKING WITH US PLASTICS FIRMS WHICH BEING FORCED TO RELOCATE OUTSIDE US BECAUSE OF POLLUTION PROBLEMS WITH CLEAR IMPLICATION THESE FIRMS WOULD BE WELCOMED HERE.

E. ON MORE PAROCHIAL LEVEL, BY 1977 FPG ALONE WILL HAVE REQUIREMENT FOR 100,000 MT/Y DIOCTYL PHTHALATE (DOP), MOST POPULAR PLASTICIZER USED IN PVC PROCESSING HERE. ALTHOUGH FPG PLANNING AT EARLY STAGE, IT WILL WANT EVENTUALLY TO TALK TO US FIRMS RE JOINT VENTURE PLANT IN US TO PRODUCE 68,000 MT/Y 2-EH OR EQUIVALENT AND 39,000 MT/Y PHTHALIC ANHYDRIDE. IN INTERIM, GROUP IS INTERESTED IN IMPORTING FROM US 45,000 MT/Y ORTHOGTXYLENE AND 70,000 MT/Y OF PROPYLENE. WOULD APPRECIATE ANY ASSISTANCE COMMERCE CAN PROVIDE.

2. EMBASSY WILL ALSO QUERY OFFICIALS FROM USI-FAR EAST AND CHINA GULF RE SUGGESTED SEMINAR TOPICS AND MACHINERY AND WILL REPORT PROMPTLY.
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